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**BEFORE THE ARIZONA CORPORATION COMMISSION**

2006 SEP -5 P 4: 46

**COMMISSIONERS**

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

AZ CORP COMMISSION  
DOCUMENT CONTROL

In the matter of:

DOCKET NO. S-20476A-06-0557

Trend Management Group, Inc., a Nevada  
corporation  
8601 Six Forks Road, Suite 400  
Raleigh, NC 27615

**NOTICE OF OPPORTUNITY FOR  
HEARING REGARDING PROPOSED  
ORDER TO CEASE AND DESIST,  
ORDER FOR RESTITUTION, ORDER  
FOR ADMINISTRATIVE PENALTIES  
AND FOR OTHER AFFIRMATIVE  
ACTION**

Scott Renny Bogue, Sr. (CRD# 1588216) and  
Arlene Jane Bogue, husband and wife  
12308 Camberwell Court  
Raleigh, NC 27614

Ryan James Herndon and Lori Darlene Herndon  
(a.k.a. Lori J. Herndon a.k.a. Lori Jordan),  
husband and wife  
609 East Silverwood Drive  
Phoenix, AZ 85048

Trend Capital, LLC, an Arizona limited liability  
company  
4025 East Chandler Blvd. Suite 70F15  
Phoenix, AZ 85048

Linda Bryant Jordan (a.k.a. Linda Van Vranken  
a.k.a. Linda Jordan-Van Vranken), a married  
person, individually and doing business as  
The Trend Group, Inc.  
3641 East Park Avenue  
Phoenix, AZ 85044

Russell Langdon Van Vranken, husband of Linda  
Bryant Jordan  
3641 East Park Avenue  
Phoenix, AZ 85044

Easy Street Financial Group, Inc., an Arizona  
corporation  
9949 West Bell Road #202  
Sun City, AZ 85371

Christopher Ellis Marx (CRD# 2186523) and Jane )  
Doe Marx, husband and wife, )  
6623 West Desert Hollow Drive )  
Glendale, AZ 85310 )  
Scot Alan Oglesby and Lori Ann Oglesby, )  
husband and wife, )  
36322 North 12<sup>th</sup> Avenue )  
Desert Hills, AZ 85086 )  
Respondents. )

**NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING**  
**EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that TREND MANAGEMENT GROUP, INC., SCOTT RENNY BOGUE, SR., RYAN JAMES HERNDON, TREND CAPITAL, LLC, LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN) individually and doing business as THE TREND GROUP, INC., EASY STREET FINANCIAL GROUP, INC., CHRISTOPHER ELLIS MARX and SCOT ALAN OGLESBY have engaged in acts, practices and transactions, which constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

**I. JURISDICTION**

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution, and the Securities Act.

**II. RESPONDENTS**

2. TREND MANAGEMENT GROUP, INC. is a Nevada corporation with a business address of 8601 Six Forks Road, Suite 400, Raleigh, NC 27615.

3. SCOTT RENNY BOGUE, SR., an individual, is a resident of the state of North Carolina, whose residential address is 12308 Camberwell Court, Raleigh, NC 27614.

1       4. ARLENE JANE BOGUE was at all relevant times the spouse of SCOTT RENNY BOGUE,  
2 SR. ARLENE JANE BOGUE is joined in this action under A.R.S. § 44-2031(C) solely for purposes  
3 of determining the liability of the marital community. At all times relevant, SCOTT RENNY  
4 BOGUE, SR. and ARLENE JANE BOGUE were acting for their own benefit, and for the benefit or  
5 in furtherance of the marital community.

6       5. RYAN JAMES HERNDON, an individual, is a resident of the state of Arizona, whose  
7 residential address is 609 East Silverwood Drive, Phoenix, AZ 85048.

8       6. LORI DARLENE HERNDON (A.K.A. LORI J. HERNDON A.K.A. LORI JORDAN)  
9 was at all relevant times the spouse of RYAN JAMES HERNDON. LORI DARLENE HERNDON  
10 (A.K.A. LORI J. HERNDON A.K.A. LORI JORDAN) is joined in this action under A.R.S. § 44-  
11 2031(C) solely for purposes of determining the liability of the marital community. At all times  
12 relevant, RYAN JAMES HERNDON and LORI DARLENE HERNDON (A.K.A. LORI J.  
13 HERNDON A.K.A. LORI JORDAN) were acting for their own benefit, and for the benefit or in  
14 furtherance of the marital community.

15       7. TREND CAPITAL, LLC is an Arizona limited liability company with a business address of  
16 4025 East Chandler Blvd. Suite 70F15, Phoenix, AZ 85048.

17       8. LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA  
18 JORDAN-VAN VRANKEN), an individual, is a resident of the state of Arizona. Her residential  
19 address is 3641 East Park Avenue, Phoenix, AZ 85044.

20       9. LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-  
21 VAN VRANKEN) has transacted business under the name THE TREND GROUP, INC. with a last  
22 known business address of 9180 S. Kyrene, Suite 112, Tempe, AZ 85044. THE TREND GROUP,  
23 INC. made an initial application to register as a corporation in the state of Nevada on or about June  
24 22, 2005; however, the corporation was never organized and is currently in default of the  
25 application process.  
26

1        10. RUSSELL LANGDON VAN VRANKEN was at all relevant times the spouse of LINDA  
2 BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN  
3 VRANKEN). RUSSELL LANGDON VAN VRANKEN is joined in this action under A.R.S. §  
4 44-2031(C) solely for purposes of determining the liability of the marital community. At all times  
5 relevant, LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA  
6 JORDAN-VAN VRANKEN) and RUSSELL LANGDON VAN VRANKEN were acting for their  
7 own benefit, and for the benefit or in furtherance of the marital community.

8        11. EASY STREET FINANCIAL GROUP, INC. is an Arizona corporation with a last known  
9 business address of 9949 West Bell Road #202, Sun City, AZ 85371.

10       12. CHRISTOPHER ELLIS MARX, an individual, is a resident of the state of Arizona. His last  
11 known address is 6623 West Desert Hollow Drive, Glendale, AZ 85310.

12       13. JANE DOE MARX was at all relevant times the spouse of CHRISTOPHER ELLIS  
13 MARX. JANE DOE MARX is a fictitious name used to describe any person married to  
14 CHRISTOPHER ELLIS MARX. JANE DOE MARX is joined in this action under A.R.S. § 44-  
15 2031(C) solely for purposes of determining the liability of the marital community. At all times  
16 relevant, CHRISTOPHER ELLIS MARX and JANE DOE MARX were acting for their own  
17 benefit, and for the benefit or in furtherance of the marital community.

18       14. SCOT ALAN OGLESBY, an individual, is a resident of the state of Arizona. His residential  
19 address is 36322 North 12<sup>th</sup> Avenue, Desert Hills, AZ 85086.

20       15. LORI ANN OGLESBY was at all relevant times the spouse of SCOT ALAN OGLESBY.  
21 LORI ANN OGLESBY is joined in this action under A.R.S. § 44-2031(C) solely for purposes of  
22 determining the liability of the marital community. At all times relevant, SCOT ALAN OGLESBY  
23 and LORI ANN OGLESBY were acting for their own benefit, and for the benefit or in furtherance  
24 of the marital community.

1 16. TREND MANAGEMENT GROUP, INC., TREND CAPITAL, LLC, LINDA BRYANT  
2 JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN)  
3 doing business as THE TREND GROUP, INC., and EASY STREET FINANCIAL GROUP, INC.  
4 may be collectively referred to as "RESPONDENT ENTITIES."

5 17. SCOTT RENNY BOGUE, SR., RYAN JAMES HERNDON, LINDA BRYANT JORDAN  
6 (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN),  
7 CHRISTOPHER ELLIS MARX, and SCOT ALAN OGLESBY may be collectively referred to as  
8 "RESPONDENTS."

9 18. ARLENE JANE BOGUE, LORI DARLENE HERNDON (A.K.A. LORI J. HERNDON  
10 A.K.A. LORI JORDAN), JANE DOE MARX, LORI ANN OGLESBY, and RUSSELL  
11 LANGDON VAN VRANKEN may be collectively referred to as "RESPONDENT SPOUSES."

### 12 III. FACTS

#### 13 A. OVERVIEW OF TREND SECURITIES OFFERINGS

14 19. TREND MANAGEMENT GROUP, INC. ("TREND MANAGEMENT") was purportedly  
15 formed in 2001 to engage in the business of purchasing, managing, servicing and selling distressed  
16 consumer receivables. Distressed consumer receivables are the unpaid debts of individuals that are  
17 owed to banks, finance companies and other credit providers.

18 20. Beginning in approximately 2001, TREND MANAGEMENT began offering and selling  
19 securities in the form of preferred stock to the public. Through three separate private placement  
20 memoranda dated in 2001, 2002 and 2003 TREND MANAGEMENT attempted to raise  
21 \$10,000,000 through the sale of its preferred shares at an offering price of \$1.00 per share.  
22 According to the private placement memoranda, the preferred shares were to be offered for sale to  
23 accredited investors only in the States of Arizona, California and North Carolina. During the  
24 relevant time period, approximately 28 individual investors purchased approximately \$1,000,000 of  
25 preferred shares in TREND MANAGEMENT. During all relevant times, SCOTT RENNY  
26

1 BOGUE, SR. ("BOGUE") and RYAN JAMES HERNDON ("HERNDON") were reflected as  
2 officers, directors and shareholders of TREND MANAGEMENT.

3 21. Beginning in late 2003, BOGUE and HERNDON created a scheme to begin raising money  
4 from the public to finance the operations of TREND MANAGEMENT. Documents received by  
5 investors indicated the investors were offered and sold either (i) a "membership" in TREND  
6 CAPITAL, LLC ("TREND CAPITAL") through the purchase of "certificates of participation" or (ii)  
7 "debt receivables" purchased by the investor and serviced through TREND CAPITAL (collectively,  
8 the "TREND CAPITAL Certificates of Participation"). The TREND CAPITAL Certificates of  
9 Participation were securities in the form of an investment contract and/or a participation in a profit  
10 sharing arrangement and/or an evidence of indebtedness.

11 22. The TREND CAPITAL Certificates of Participation were sold primarily through licensed  
12 insurance agents using a "bait and switch" operation run by EASY STREET FINANCIAL GROUP,  
13 INC. ("EASY STREET"), CHRISTOPHER ELLIS MARX ("MARX"), and SCOT ALAN  
14 OGLESBY ("OGLESBY"). BOGUE and HERNDON informed MARX, OGLESBY and other  
15 EASY STREET salespeople that the TREND CAPITAL Certificates of Participation were not  
16 securities and that the salespeople did not need a securities license to sell the investment. BOGUE  
17 informed EASY STREET salespeople, including MARX and OGLESBY, that the TREND  
18 CAPITAL Certificates of Participation were broken down into smaller, divided interests for them to  
19 sell, and therefore the preferred stock sold by TREND MANAGEMENT lost its character as a  
20 security.

21 23. Between approximately January 5, 2004 and September 30, 2005, TREND  
22 MANAGEMENT, TREND CAPITAL and EASY STREET raised in excess of \$8,900,000.00 from  
23 over 300 investors, the majority of which are Arizona residents, by selling the TREND CAPITAL  
24 Certificates of Participation. The investors in the TREND CAPITAL Certificates of Participation  
25 were largely unaccredited and unsophisticated. Many of the investors were elderly.  
26

1       24. The majority of funds raised from the sale of the TREND CAPITAL Certificates of  
2 Participation were transferred directly or indirectly from TREND CAPITAL to the control of  
3 TREND MANAGEMENT purportedly to be used to finance TREND MANAGEMENT'S business  
4 of purchasing, managing, servicing and selling distressed consumer receivables. As a result of the  
5 transfer of the investors' funds to the control of TREND MANAGEMENT, TREND CAPITAL was  
6 reflected as the largest holder of TREND MANAGEMENT'S preferred stock.

7       25. BOGUE and HERNDON were aided and abetted by LINDA BRYANT JORDAN (A.K.A.  
8 LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN) ("JORDAN") who did  
9 business under the name THE TREND GROUP, INC. ("TREND GROUP"). Bank accounts were  
10 opened under the name of TREND GROUP and facilitated the business operations of TREND  
11 CAPITAL by handling investor funds and paying business expenses.

12                   **B. TREND MANAGEMENT GROUP, INC.**

13       26. TREND MANAGEMENT GROUP, INC. ("TREND MANAGEMENT") is doing business  
14 in the state of Arizona. TREND MANAGEMENT made application to transact business as a foreign  
15 corporation with the state of Arizona, domiciled in Nevada, on or about February 1, 2001. TREND  
16 MANAGEMENT was organized as a corporation under the laws of the state of Nevada on or about  
17 February 5, 2001.

18       27. TREND MANAGEMENT is not registered to sell securities in the state of Arizona.

19       28. BOGUE is an individual who is the President and CEO of TREND MANAGEMENT  
20 according to corporation documents filed in the state of Nevada and the state of Arizona.

21       29. TREND MANAGEMENT'S June 1, 2001 Private Placement Memorandum ("PPM #1")  
22 reflects that BOGUE was the Chief Executive Officer ("CEO") and Director of TREND  
23 MANAGEMENT and held 34% of TREND MANGEMENT'S common stock. PPM #1 reflects that  
24 BOGUE would draw an annual salary and bonus as CEO and Director of TREND  
25 MANAGEMENT.

1 30. TREND MANAGMENT'S June 1, 2002 Private Placement Memorandum ("PPM #2")  
2 reflects that BOGUE was the President of TREND MANAGEMENT and held 34% of TREND  
3 MANAGEMENT'S common stock. PPM #2 reflects that BOGUE would draw an annual salary as  
4 President of TREND MANAGEMENT.

5 31. TREND MANAGEMENT'S July 20, 2003 Private Placement Memorandum ("PPM #3")  
6 reflects that BOGUE is the President and Treasurer of TREND MANAGEMENT and holds 50% of  
7 TREND MANAGEMENT'S issued common stock. PPM #3 reflects that BOGUE draws an annual  
8 salary and annual bonus as President and Treasurer of TREND MANAGEMENT.

9 32. RYAN JAMES HERNDON ("HERNDON") is an individual who is the Secretary of  
10 TREND MANAGEMENT according to the records of the Arizona Corporation Commission,  
11 Corporations Division.

12 33. PPM #1 reflects that HERNDON was the President and Director of TREND  
13 MANAGEMENT and held 33% of TREND MANGEMENT'S common stock. PPM #1 reflects that  
14 HERNDON would draw an annual salary and bonus as President and Director of TREND  
15 MANAGEMENT.

16 34. PPM #2 reflects that HERNDON was the Vice President and Secretary of TREND  
17 MANAGEMENT and held 33% of TREND MANAGEMENT'S common stock. PPM #2 reflects  
18 that HERNDON would draw an annual salary and bonus as Vice President and Secretary of TREND  
19 MANAGEMENT.

20 35. PPM #3 reflects that HERNDON is the Vice President and Secretary of TREND  
21 MANAGEMENT and holds 50% of TREND MANAGEMENT'S common stock. PPM #3 reflects  
22 that HERNDON draws an annual salary and bonus as Vice President and Secretary of TREND  
23 MANAGEMENT.

24 36. Beginning on or about September 24, 2001 until on or about September 29, 2004, TREND  
25 MANAGEMENT sold shares of its A and B preferred stock to individuals.



1 37. TREND MANAGEMENT preferred stock was issued to approximately 28 individual  
2 investors.

3 38. Individual investors paid TREND MANAGEMENT approximately \$1,000,000.00.  
4 Approximately ten (10) of the twenty-eight (28) individual investors are Arizona residents.

5 39. TREND MANAGEMENT represented to investors that the TREND MANAGEMENT'S  
6 stock was a security that was exempt from registration. That representation is false.

7 40. TREND MANAGEMENT issued a personal loan to BOGUE in the amount of \$100,000.00  
8 on or about September 29, 2004. TREND MANAGEMENT issued a personal loan to HERNDON in  
9 the amount of \$100,000.00 on or about May 18, 2005. TREND MANAGEMENT, BOGUE and  
10 HERNDON failed to disclose to investors that TREND MANAGEMENT would use investor funds  
11 to make personal loans to BOGUE and HERNDON.

12 41. TREND MANAGEMENT paid sales commissions of approximately 5% to approximately  
13 five sales agents for the sale of TREND MANAGEMENT stock. Those sales agents include, but are  
14 not limited to, individuals in the States of Tennessee, Georgia, Arizona, and Florida.

15 42. TREND MANAGEMENT paid sales commissions of approximately 8% to TREND  
16 CAPITAL for the sale of the TREND MANAGEMENT stock. TREND MANAGEMENT and  
17 BOGUE knew and intended that the commissions paid to TREND CAPITAL were subsequently  
18 being paid to EASY STREET for the sale of the TREND CAPITAL Certificates of Participation.

19 43. On January 25, 2001, the state of Pennsylvania entered an Order against BOGUE in  
20 Commonwealth of Pennsylvania, Pennsylvania Securities Commission vs. Trend Invest, LP, JC  
21 Partners, LLC, Scott R. Bogue, Linda L. Eberly, and David Brubaker for violating the registration  
22 and anti-fraud provisions of the Pennsylvania Securities Act.

23 44. BOGUE is not currently registered to sell securities in the state of Arizona, nor was he  
24 registered at any time relevant to this Notice. BOGUE has previously been registered to sell  
25 securities in Arizona (CRD# 1588216) from June 6, 1988 to February 28, 1989, from July 14, 1989  
26

1 to September 23, 1989 and from January 24, 1991 to February 27, 1991. BOGUE applied for  
2 salesman registration with the state of Arizona on June 3, 2003, but was not registered by the state of  
3 Arizona.

4 **C. TREND CAPITAL, LLC**

5 45. TREND CAPITAL is doing business in the state of Arizona. TREND CAPITAL was  
6 organized as a limited liability company under the laws of the state of Arizona on or about  
7 September 10, 2003.

8 46. HERNDON is the only named managing member of TREND CAPITAL and the sole  
9 member of TREND CAPITAL.

10 47. HERNDON is not registered to sell securities in the state of Arizona. TREND CAPITAL is  
11 not registered to sell securities in the state of Arizona.

12 48. The majority (approximately 90%) of the TREND MANAGEMENT preferred stock was  
13 issued to TREND CAPITAL. TREND CAPITAL paid TREND MANAGEMENT approximately  
14 \$8,900,000.00. Upon information and belief, TREND CAPITAL held the TREND  
15 MANAGEMENT preferred stock in its own business name and was the owner of record. TREND  
16 CAPITAL raised the funds it used to purchase TREND MANAGEMENT preferred stock by selling  
17 and issuing TREND CAPITAL Certificates of Participation to its investors.

18 49. Between on or about January 5, 2004 to on or about October 2005, TREND CAPITAL raised  
19 over \$8,900,000.00 from investors through the sale of the TREND CAPITAL Certificates of  
20 Participation. TREND CAPITAL issued the TREND CAPITAL Certificates of Participation to  
21 approximately 310 investors. Of the 310 investors, approximately 247 investors are Arizona  
22 residents.

23 50. TREND CAPITAL established bank accounts at US Bank which were the repository for  
24 TREND CAPITAL Certificates of Participation investor money. Investors in the TREND CAPITAL  
25 Certificates of Participation typically made out checks to Trend/US Bank.  
26

1 51. TREND CAPITAL used sales agents to solicit investors in the TREND CAPITAL  
2 Certificates of Participation. Those sales agents were usually licensed insurance producers, but were  
3 not licensed to sell securities.

4 52. Investors in the TREND CAPITAL Certificates of Participation came from many sources –  
5 those directly solicited by TREND CAPITAL, those solicited by other independent sales agents in  
6 cities around the United States, and those solicited by EASY STREET.

7 53. The majority of the investors in the TREND CAPITAL Certificates of Participation were  
8 garnered through EASY STREET. EASY STREET clients invested over \$8,400,000 in the TREND  
9 CAPITAL Certificates of Participation.

10 **D. THE TREND GROUP, INC.**

11 54. THE TREND GROUP, INC. ("TREND GROUP") is doing business in the state of Arizona.  
12 TREND GROUP attempted to register as a corporation in the State of Nevada on June 22, 2005, but  
13 failed to follow through with incorporation requirements and is currently in default as of August 1,  
14 2005.

15 55. TREND GROUP is not registered to sell securities in the state of Arizona.

16 56. In or about April 2005, JORDAN began doing business as TREND GROUP. The name of  
17 TREND GROUP was purposely established to closely resemble the name of TREND CAPITAL,  
18 which had the intended effect of leading investors to believe that the entities were the same entity or  
19 a closely related entity.

20 57. During 2005, TREND GROUP and JORDAN opened bank accounts at US Bank. JORDAN  
21 was the only account holder on the TREND GROUP bank accounts, and JORDAN was the only  
22 signer on those accounts.

23 58. One of the US Bank TREND GROUP accounts was used to distribute funds to TREND  
24 CAPITAL investors. Another one of the accounts was used, amongst other things, to deposit investor  
25 money for TREND CAPITAL Certificates of Participation investments. That same account was the  
26

1 account that paid the business expenses of TREND CAPITAL, including salaries, office space rental,  
2 office supplies, utilities, and office furniture.

3 59. The TREND GROUP account at US Bank received deposits from TREND  
4 MANAGEMENT.

5 60. The written sales material presented to some investors included a brochure with the name  
6 Trend Group. Correspondence to investors was sent out on Trend Group stationery, and sales agents  
7 were given business cards with Linda Jordan's name as the Director of Client Services of The Trend  
8 Group.

9 **E. EASY STREET FINANCIAL GROUP, INC.**

10 61. EASY STREET is doing business in the state of Arizona. EASY STREET filed as a  
11 corporation with the state of Arizona on or about August 24, 2000.

12 62. EASY STREET is not registered to sell securities in the state of Arizona.

13 63. MARX is an individual who is the President of EASY STREET, a Director, and a  
14 Shareholder from EASY STREET'S inception on August 24, 2000 until the present, according to the  
15 records of the Arizona Corporation Commission, Corporations Division. MARX has been the  
16 Secretary and Treasurer of EASY STREET since December 31, 2001 until the present.

17 64. MARX has previously been registered to sell securities in the state of Arizona (CRD#  
18 2186523) from October 20, 1992 to September 5, 1995. MARX is not currently registered to sell  
19 securities in the state of Arizona, nor was he licensed to sell securities at any time relevant to this  
20 instant Notice.

21 65. OGLESBY is an individual who was the Vice President of EASY STREET from August 24,  
22 2000 until December 31, 2001, and then again from April 14, 2003 until September 1, 2005,  
23 according to the records of the Arizona Corporation Commission, Corporations Division.  
24 OGLESBY was also a Director and a Shareholder from August 24, 2000 until approximately  
25 December 31, 2001. OGLESBY is not registered to sell securities in the state of Arizona.

1       66. In or about September 1999, EASY STREET began advertising high interest rate CD's in  
2 local newspapers. Typically, when investors would arrive at the EASY STREET office, they would  
3 meet with a salesperson who would offer them additional investment opportunities in insurance  
4 products. After January 1, 2004, those additional investment opportunities included investing in the  
5 TREND CAPITAL Certificates of Participation. Both EASY STREET and EASY STREET  
6 salespeople would make a commission on the sale of the TREND CAPITAL Certificates of  
7 Participation.

8       67. Upon information and belief, EASY STREET salespeople were licensed insurance producers  
9 in the state of Arizona during the times relevant to this petition, including, but not limited to MARX  
10 and OGLESBY.

11       68. EASY STREET's salespeople were not licensed securities salesmen during the times  
12 relevant to this instant Notice, including, but not limited to MARX and OGLESBY.

13       69. By 2004, EASY STREET had expanded from its original office location in Carefree, Arizona  
14 to six office locations in Scottsdale, Sun City, Tempe, Gilbert, Prescott, and Yuma. Further, EASY  
15 STREET had opened offices in Nevada, California, Florida, and North Carolina.

16       70. EASY STREET filed as a foreign corporation with the state of Nevada on or about February  
17 27, 2003 with MARX as the named President, Secretary and Treasurer. On November 24, 2004, the  
18 State of Nevada, Office of the Secretary of State issued a Permanent Order In the Matter of Easy  
19 Street Financial Group, Inc., Christopher E. Marx, and Scot Ogelsby, File No. 103-054, to cease and  
20 desist from violating the Nevada Securities Laws.

21       71. On or about March 6, 2003, EASY STREET was filed as a foreign corporation in the state of  
22 California.

23       72. On or about June 4, 2004, EASY STREET filed as a foreign corporation in the state of  
24 Florida, with MARX as the named President and OGELSBY as the named Vice President.

1       73. On or about April 27, 2004 EASY STREET filed as foreign corporation in the State of North  
2 Carolina. According to EASY STREET'S application, MARX is listed as the corporation's  
3 President. BOGUE is listed as an Officer of EASY STREET, as well as the Registered Agent. Upon  
4 information and belief, BOGUE was intimately familiar with EASY STREET's business operations.  
5 As of the filing of this instant Notice, EASY STREET is recognized in the state of North Carolina as  
6 a current and active corporation. The mailing address for EASY STREET in North Carolina is the  
7 same address as TREND MANAGEMENT.

8           **(1) Beginning of the Easy Street/Trend Capital/Trend Management Relationship**

9       74. In 2003, EASY STREET, MARX, and OGELSBY developed a relationship with BOGUE  
10 and HERNDON. BOGUE and HERNDON, through their company TREND MANGEMENT, were  
11 seeking outlets to sell investments in its preferred stock.

12       75. In late 2003, HERNDON met with EASY STREET representatives MARX and OGELSBY  
13 and assured them that a securities license was not necessary in order to sell The TREND CAPITAL  
14 Certificates of Participation. Shortly thereafter, OGELSBY received that same assurance from  
15 BOGUE.

16       76. Upon information and belief, no EASY STREET representative, including MARX and  
17 OGLESBY, exercised any due diligence in any investigation regarding the legitimacy of the TREND  
18 MANAGEMENT investment. Upon information and belief, no EASY STREET representative,  
19 including MARX and OGELSBY, exercised any due diligence in any investigation regarding  
20 BOGUE or HERNDON.

21       77. In late 2003, at a meeting with all EASY STREET salespeople, BOGUE presented the  
22 TREND CAPITAL Certificates of Participation investment as a product to offer investors.  
23 HERNDON, MARX, and OGELSBY were in attendance at the meeting. BOGUE advised the EASY  
24 STREET salespeople that the TREND CAPITAL Certificates of Participation investment was not a  
25 security and that the salespeople did not need a securities license to sell the investment. EASY  
26

1 STREET salespeople were told that the TREND CAPITAL Certificates of Participation investment  
2 was broken down into smaller, divided interests for them to sell, and therefore the preferred stock  
3 lost its character as a security.

4 **(2) SECURITIES SALES BY EASY STREET**

5 78. EASY STREET, MARX and OGLESBY sold the TREND CAPITAL Certificates of  
6 Participation beginning at least as early as January 5, 2004 until at least October 7, 2004.

7 79. EASY STREET salespeople, including MARX and OGLESBY, offered the TREND  
8 CAPITAL Certificates of Participation investment to individuals, when an investor would respond to  
9 a high interest rate CD advertisement.

10 80. EASY STREET salespeople failed to make a distinction between the business entities of  
11 TREND MANAGEMENT, TREND CAPITAL and TREND GROUP. EASY STREET salespeople  
12 told some investors that the investment was with a debt collection agency called Trend.

13 81. The written sales material presented to some investors included a brochure with the name  
14 "Trend Group."

15 82. EASY STREET salespeople failed to disclose the risk of investment in the Trend Capital  
16 Certificates of Participation, including, but not limited to: reduced debt recovery margins, increased  
17 costs to acquire consumer debt, limited ability to transfer the security, the illiquidity of the  
18 investment, that TREND MANAGEMENT was a new company with limited resources, that  
19 TREND CAPITAL was a new company with limited resources, that if debt recovery parameters  
20 were inaccurate the company may not realize projected earnings, and that a weak economy could  
21 adversely affect the entity's ability to recover consumer debt.

22 83. EASY STREET salespeople made untrue statements of material fact in indicating that the  
23 investment in the TREND CAPITAL Certificates of Participation was guaranteed by US Bank.

24 84. Some EASY STREET clients who invested in the TREND CAPITAL Certificates of  
25 Participation believed that that investment was actually a high interest rate CD.

26

1 85. On April 3, 2003, the State of California, Department of Corporations issued an Order in the  
2 matter of Damon George, Easy Street Financial Group, Inc. (California) Randall Keith Ward,  
3 Christopher E. Marx, and Easy Street Financial Group, Inc. (Arizona) to desist and refrain from  
4 offering securities in the form of certificates of deposit whose yield includes a bonus paid by a non-  
5 FDIC insured entity (the "California Order"). EASY STREET failed to disclose the California Order  
6 to investors.

7 **IV.**

8 **VIOLATION OF A.R.S. § 44-1841**

9 **(Offer or Sale of Unregistered Securities)**

10 86. From at least May 1, 2001 until at least November 1, 2004, TREND MANAGEMENT,  
11 SCOTT RENNY BOGUE, SR. and RYAN JAMES HERNDON offered or sold securities in the  
12 form of stock, within or from Arizona.

13 87. The securities referred to above were not registered pursuant to the provisions of Articles 6 or  
14 7 of the Securities Act.

15 88. This conduct violates A.R.S. § 44-1841.

16 **V.**

17 **VIOLATION OF A.R.S. § 44-1841**

18 **(Offer or Sale of Unregistered Securities)**

19 89. From at least as early as September 9, 2003 until at least September 30, 2005, TREND  
20 MANAGEMENT, TREND CAPITAL, SCOTT BOGUE and RYAN JAMES HERNDON offered  
21 or sold securities in the form of an investment contract and/or a participation in a profit sharing  
22 arrangement, and/or an evidence of indebtedness in TREND CAPITAL, LLC, within or from  
23 Arizona.

24 90. The securities referred to above were not registered pursuant to the provisions of Articles 6 or  
25 7 of the Securities Act.



1 91. This conduct violates A.R.S. § 44-1841.

2 **VI.**

3 **VIOLATION OF A.R.S. § 44-1841**

4 **(Offer or Sale of Unregistered Securities)**

5 92. From at least as early as January 5, 2004 until at least October 7, 2004, EASY STREET,  
6 CHRISTOPHER ELLIS MARX and SCOT ALAN OGLESBY offered or sold securities in the form  
7 of an investment contract and/or a participation in a profit sharing arrangement, and/or an evidence  
8 of indebtedness in TREND CAPITAL, LLC, within or from Arizona.

9 93. The securities referred to above were not registered pursuant to the provisions of Articles 6 or  
10 7 of the Securities Act.

11 94. This conduct violates A.R.S. § 44-1841.

12 **VII.**

13 **VIOLATION OF A.R.S. § 44-1841**

14 **(Offer or Sale of Unregistered Securities)**

15 95. Beginning in approximately February 2005 until at least September 30, 2005, LINDA  
16 BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN  
17 VRANKEN) individually and doing business as THE TREND GROUP, INC. offered or sold  
18 securities in the form of an investment contract and/or a participation in a profit sharing arrangement,  
19 and/or an evidence of indebtedness in TREND CAPITAL, LLC, within or from Arizona.

20 96. The securities referred to above were not registered pursuant to the provisions of Articles 6 or  
21 7 of the Securities Act.

22 97. This conduct violates A.R.S. § 44-1841.

**VIII.**

**VIOLATION OF A.R.S. § 44-1842**

**(Transactions by Unregistered Dealers or Salesmen)**

98. From at least as early as May 1, 2001 until at least November 1, 2004, TREND MANAGEMENT, SCOTT RENNY BOGUE, SR. and RYAN JAMES HERNDON offered or sold securities in the form of stock within or from Arizona, while not registered as a dealer pursuant to the provisions of Article 9 of the Securities Act.

99. This conduct violates A.R.S. § 44-1842.

**IX.**

**VIOLATION OF A.R.S. § 44-1842**

**(Transactions by Unregistered Dealers or Salesmen)**

100. From at least as early as September 9, 2003 to at least until September 30, 2005, TREND CAPITAL, RYAN JAMES HERNDON, TREND MANAGEMENT, and SCOTT RENNY BOGUE, SR. offered or sold securities in the form of an investment contract and/or a participation in a profit sharing arrangement, and/or an evidence of indebtedness in TREND CAPITAL, LLC, within or from Arizona, while not registered as a dealer pursuant to the provisions of Article 9 of the Securities Act.

101. This conduct violates A.R.S. § 44-1842.

**X.**

**VIOLATION OF A.R.S. § 44-1842**

**(Transactions by Unregistered Dealers or Salesmen)**

102. From at least February 2005 until at least September 30, 2005, LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN) individually and doing business as THE TREND GROUP, INC., offered or sold securities within or

1 from Arizona, while not registered as a dealer pursuant to the provisions of Article 9 of the Securities  
2 Act.

3 103. This conduct violates A.R.S. § 44-1842.

4 **XI.**

5 **VIOLATION OF A.R.S. § 44-1842**

6 **(Transactions by Unregistered Dealers or Salesmen)**

7 104. From at least as early as January 5, 2004 until at least October 7, 2004, EASY  
8 STREET, CHRISTOPHER ELLIS MARX and SCOT ALAN OGLESBY offered or sold securities  
9 within or from Arizona, while not registered as a dealer pursuant to the provisions of Article 9 of the  
10 Securities Act.

11 105. This conduct violates A.R.S. § 44-1842.

12 **XII.**

13 **VIOLATION OF A.R.S. § 44-1991**

14 **(Fraud in Connection with the Offer or Sale of Securities)**

15 106. In connection with the offer or sale of securities within or from Arizona, TREND  
16 MANAGEMENT GROUP and SCOTT RENNY BOGUE, SR. directly or indirectly: (i) employed a  
17 device, scheme or artifice to defraud; (ii) made untrue statements of material fact or omitted to state  
18 material facts which were necessary in order to make the statements made not misleading in light of  
19 the circumstances under which they were made; and/or (iii) engaged in transactions, practices or  
20 courses of business which operated or would operate as a fraud or deceit upon offerees and investors.  
21 TREND MANAGEMENT GROUP and SCOTT RENNY BOGUE, SR.'s conduct includes, but is  
22 not limited to, the following:

23 a) Falsely represented to EASY STREET salespeople that the TREND CAPITAL  
24 Certificates of Participation investment was not a security and that the salespeople did not need a  
25  
26

securities license to sell the investment and that the investment was broken down into smaller, divided interests for them to sell, and therefore the preferred stock lost its character as a security.

b) Failed to disclose the Pennsylvania Order against SCOTT RENNY BOGUE, SR. to TREND MANAGEMENT stock investors or to the salespeople selling the TREND CAPITAL Certificates of Participation investments.

c) Falsely represented to investors that the TREND MANAGEMENT preferred stock was a security that was exempt from registration.

d) Failed to disclose risks of investment including, but not limited to: reduced debt recovery margins, increased costs to acquire consumer debt, limited ability to transfer the security, the illiquidity of the investment, that TREND MANAGEMENT was a new company with limited resources, that TREND CAPITAL was a new company with limited resources, that if debt recovery parameters were inaccurate the company may not realize projected earnings, and that a weak economy could adversely affect the entity's ability to recover consumer debt.

e) Failed to disclose to investors that some of the proceeds of the investments would be used for a personal loan to RYAN JAMES HERNDON.

f) Failed to disclose to investors that some of the proceeds of the investments would be used for a personal loan to SCOTT RENNY BOGUE, SR.

107. This conduct violates A.R.S. § 44-1991.

### **XIII.**

#### **VIOLATION OF A.R.S. § 44-1991**

##### **(Fraud in Connection with the Offer or Sale of Securities)**

108. In connection with the offer or sale of securities within or from Arizona, TREND CAPITAL and RYAN JAMES HERNDON directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts which were necessary in order to make the statements made not misleading in light of the

circumstances under which they were made; and (iii) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon offerees and investors. TREND CAPITAL and RYAN JAMES HERNDON'S conduct includes, but is not limited to, the following:

- a) Failed to disclose the Pennsylvania Order against SCOTT RENNY BOGUE, SR.
- b) Failed to disclose to investors that some of the proceeds of the investments would be used for a personal loan to RYAN JAMES HERNDON.
- c) Failed to disclose risks of investment including, but not limited to: reduced debt recovery margins, increased costs to acquire consumer debt, limited ability to transfer the security, the illiquidity of the investment, that TREND MANAGEMENT was a new company with limited resources, that TREND CAPITAL was a new company with limited resources, that if debt recovery parameters were inaccurate the company may not realize projected earnings, and that a weak economy could adversely affect the entity's ability to recover consumer debt.
- d) Failed to disclose to investors that some of the proceeds of the investments would be used for a personal loan to SCOTT RENNY BOGUE, SR.
- e) Misrepresented to investors of the nature and character of the investment.
- f) Failed to provide investors with financial information regarding TREND CAPITAL or TREND MANAGEMENT.

109. This conduct violates A.R.S. § 44-1991.

#### XIV.

#### VIOLATION OF A.R.S. § 44-1991

##### (Fraud in Connection with the Offer or Sale of Securities)

110. In connection with the offer or sale of securities within or from Arizona, LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN) d/b/a as THE TREND GROUP, directly or indirectly: (i) employed a device, scheme or

1 artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts  
2 which were necessary in order to make the statements made not misleading in light of the  
3 circumstances under which they were made; and (iii) engaged in transactions, practices or courses of  
4 business which operated or would operate as a fraud or deceit upon offerees and investors. LINDA  
5 BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN  
6 VRANKEN) d/b/a THE TREND GROUP's conduct includes, but is not limited to, the following:

- 7 a) Failed to disclose the Pennsylvania Order against SCOTT RENNY BOGUE, SR.
- 8 b) Made false statements to investors regarding the security of their investment.
- 9 c) Failed to disclose risks of investment including, but not limited to: reduced debt  
10 recovery margins, increased costs to acquire consumer debt, limited ability to transfer the security,  
11 the illiquidity of the investment, that TREND MANAGEMENT was a new company with limited  
12 resources, that TREND CAPITAL was a new company with limited resources, that if debt recovery  
13 parameters were inaccurate the company may not realize projected earnings, and that a weak  
14 economy could adversely affect the entity's ability to recover consumer debt.
- 15 d) Failed to disclose to investors that some of the proceeds of the investments would be  
16 used for a personal loan to RYAN JAMES HERNDON.
- 17 e) Failed to disclose to investors that some of the proceeds of the investments would be  
18 used for a personal loan to SCOTT RENNY BOGUE, SR.

19 111. This conduct violates A.R.S. § 44-1991.

20 **XV.**

21 **VIOLATION OF A.R.S. § 44-1991**

22 **(Fraud in Connection with the Offer or Sale of Securities)**

23 112. In connection with the offer or sale of securities within or from Arizona, EASY  
24 STREET, CHRISTOPHER ELLIS MARX and SCOT ALAN OGLESBY directly or indirectly: (i)  
25 employed a device, scheme or artifice to defraud; (ii) made untrue statements of material fact or  
26

omitted to state material facts which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; and/or (iii) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon offerees and investors. EAST STREET, CHRISTOPHER ELLIS MARX and SCOT ALAN OGLESBY'S conduct includes, but is not limited to, the following:

- a) Failed to disclose the Pennsylvania Order against SCOTT RENNY BOGUE, SR.
- b) Failed disclose the State of California's Order against MARX.
- c) Failed to disclose the State of California's Order against EASY STREET.
- d) Failed to disclose risk of loss of the investment to investors.
- e) Failed to disclose lack of due diligence in investigation of TREND CAPITAL and TREND MANAGEMENT.
- f) Failed to provide investors with any financial information regarding TREND CAPITAL or TREND MANAGEMENT.
- g) Misrepresented to investors of the nature and character of the investment.
- h) Failed to disclose risks of investment including, but not limited to: reduced debt recovery margins, increased costs to acquire consumer debt, limited ability to transfer the security, the illiquidity of the investment, that TREND MANAGEMENT was a new company with limited resources, that TREND CAPITAL was a new company with limited resources, that if debt recovery parameters were inaccurate the company may not realize projected earnings, and that a weak economy could adversely affect the entity's ability to recover consumer debt.

113. This conduct violates A.R.S. § 44-1991.

114. SCOTT RENNY BOGUE, SR. directly or indirectly controlled persons and/or entities within the meaning of A.R.S. § 44-1999, including but not limited to TREND MANAGEMENT GROUP, INC. Therefore, SCOTT RENNY BOGUE, SR. is liable to the same extent as the controlled entity for its violations of A.R.S. § 44-1991.

115. RYAN JAMES HERNDON directly or indirectly controlled persons and/or entities within the meaning of A.R.S. § 44-1999, including but not limited to TREND MANAGEMENT GROUP, INC. and TREND CAPITAL, LLC. Therefore, RYAN JAMES HERNDON is liable to the same extent as the controlled entities for their violations of A.R.S. § 44-1991.

116. CHRISTOPHER ELLIS MARX directly or indirectly controlled persons and/or entities within the meaning of A.R.S. § 44-1999, including but not limited to EASY STREET FINANCIAL GROUP, INC. Therefore, CHRISTOPHER ELLIS MARX is liable to the same extent as the controlled entity for its violations of A.R.S. § 44-1991.

117. SCOT ALAN OGLESBY directly or indirectly controlled persons and/or entities within the meaning of A.R.S. § 44-1999, including but not limited to EASY STREET FINANCIAL GROUP, INC. Therefore, SCOT ALAN OGLESBY is liable to the same extent as the controlled entity for its violations of A.R.S. § 44-1991.

118. RESPONDENT ENTITIES and RESPONDENTS made, participated in or induced the sale or purchase of a security within the meaning of A.R.S. §44-2003(A). Therefore, RESPONDENT ENTITIES and RESPONDENTS are jointly and severally liable for the above violations of A.R.S. §§ 44-1841, 44-1842, and 44-1991.

## XVI.

### REQUESTED RELIEF

The Division requests that the Commission grant the following relief against  
RESPONDENT ENTITIES and RESPONDENTS:

1. Order RESPONDENT ENTITIES and RESPONDENTS to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;

2. Order RESPONDENT ENTITIES and RESPONDENTS to take affirmative action to correct the conditions resulting from their acts, practices or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;



3. Order RESPONDENT ENTITIES and RESPONDENTS to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

4. Order that the marital communities of SCOTT RENNY BOGUE SR. and ARLENE JANE BOGUE be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215;

5. Order that the marital communities of RYAN JAMES HERNDON and LORI DARLENE HERNDON (AKA LORI J. HERNDON AKA LORI JORDAN) be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215;

6. Order that the marital communities of LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN) and RUSSELL LANGDON VAN VRANKEN be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215;

7. Order that the marital communities of CHRISTOPHER ELLIS MARX and JANE DOE MARX be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215; and

8. Order that the marital communities of SCOT ALAN OGLESBY and LORI ANN OGLESBY be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215; and

9. Order any other relief that the Commission deems appropriate.

## **XVII.**

### **HEARING OPPORTUNITY**

RESPONDENT ENTITIES, RESPONDENTS, and RESPONDENT SPOUSES may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. If any RESPONDENT ENTITY,

1 RESPONDENT, or RESPONDENT SPOUSE requests a hearing, **the RESPONDENT ENTITY,**  
2 **RESPONDENT, and RESPONDENT SPOUSE must also answer this Notice.** A request for  
3 hearing must be in writing and received by the Commission within 10 business days after service of  
4 this Notice of Opportunity for Hearing. Each RESPONDENT ENTITY, RESPONDENT, and  
5 RESPONDENT SPOUSE must deliver or mail the request to Docket Control, Arizona Corporation  
6 Commission, 1200 W. Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must  
7 accompany the request. A cover sheet form and instructions may be obtained from Docket Control  
8 by calling (602) 542-3477 or on the Commission's Internet web site at  
9 [www.cc.state.az.us/utility/forms/index.htm](http://www.cc.state.az.us/utility/forms/index.htm).

10 If a request for a hearing is timely made, the Commission shall schedule the hearing to begin  
11 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the  
12 parties, or ordered by the Commission. If a request for a hearing is not timely made, the Commission  
13 may, without a hearing, enter an order against each RESPONDENT ENTITY, RESPONDENT, and  
14 RESPONDENT SPOUSE granting the relief requested by the Division in this Notice of Opportunity  
15 for Hearing.

16 Persons with a disability may request a reasonable accommodation such as a sign language  
17 interpreter, as well as request this document in an alternative format, by contacting Linda Hogan,  
18 Executive Assistant to the Executive Director, voice phone number (602) 542-3931, e-mail  
19 [lhogan@azcc.gov](mailto:lhogan@azcc.gov). Requests should be made as early as possible to allow time to arrange the  
20 accommodation.

## 21 XVIII.

### 22 ANSWER REQUIREMENT

23 Pursuant to A.A.C. R14-4-305, if any RESPONDENT ENTITY, RESPONDENT, or  
24 RESPONDENT SPOUSE requests a hearing, each RESPONDENT ENTITY, RESPONDENT,  
25 and RESPONDENT SPOUSE must deliver or mail an Answer to this Notice of Opportunity for  
26

1 Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix,  
2 Arizona 85007, within 30 calendar days after the date of service of this Notice of Opportunity for  
3 Hearing. A Docket Control cover sheet must accompany the Answer. A cover sheet form and  
4 instructions may be obtained from Docket Control by calling (602) 542-3477 or on the  
5 Commission's Internet web site at [www.cc.state.az.us/utility/forms/index.htm](http://www.cc.state.az.us/utility/forms/index.htm).

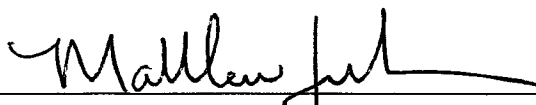
6 Additionally, each RESPONDENT ENTITY, RESPONDENT, and RESPONDENT  
7 SPOUSE must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon  
8 the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division  
9 at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007, addressed to Michelle M. Allen.

10 The Answer shall contain an admission or denial of each allegation in this Notice and the  
11 original signature of each authorized person for RESPONDENT ENTITY, RESPONDENT, or  
12 RESPONDENT SPOUSE, or their attorney. A statement of a lack of sufficient knowledge or  
13 information shall be considered a denial of an allegation. An allegation not denied shall be  
14 considered admitted.

15 When any RESPONDENT ENTITY, RESPONDENT, or RESPONDENT SPOUSE  
16 intends in good faith to deny only a part or a qualification of an allegation, each RESPONDENT  
17 ENTITY, RESPONDENT, or RESPONDENT SPOUSE shall specify that part or qualification of  
18 the allegation and shall admit the remainder. Each any RESPONDENT ENTITY,  
19 RESPONDENT, or RESPONDENT SPOUSE waives any affirmative defense not raised in the  
20 answer.

21 The officer presiding over the hearing may grant relief from the requirement to file an  
22 Answer for good cause shown.

23 Dated this 5<sup>th</sup> day of September, 2006.

24  
25   
26 Matthew Neubert, Director of Securities